GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:4135
ANSWERED ON:23.03.2001
PRIVATISATION OF MODERN FOOD LTD.
M.V.CHANDRASHEKHARA MURTHY;SHYAMA SINGH;SUDARSANA E.M. NATCHIAPPAN

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the attention of the Government has been drawn to the news-item captioned `Modern Foods employees oppose privatisation` appearing in the Times of India on February 2, 2001;

(b) if so, the facts of the matter reported therein;

(c) whether the Union Government have received spate of representation to reconsider their decision to privatise the Modern Foods Limited; and

(d) if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

(a) Yes, Sir.

(b) Modern Food Industries (India) Limited (MFIL) was a Government Company till 31.1.2000. As per the accounting procedure followed prior to 31.1.2000, the Company did not provision for outstanding recoveries exceeding 5 years even, whereas the new management of the Company made provision for all outstanding recoveries which were more than 3 years old on the grounds that the strict application of accounting principles warrant so. The loss of MFIL, in accordance with the accounts so prepared, during the year1999-2000 was Rs.4822.88 lakhs out of which Rs. 3519.00 lakhs was towards provisions made for previous years. The loss during the period from 1.4.2000 to 31.12.2000 was Rs.1604.81 lakhs. The performance of MFIL was declining over the last 3 years. However, the performance showed steady improvement and by the last week of December 2000, weekly sales of bread increased to around 44 lakhs SL, which is a 100% increase over the figure of April 2000.

(c) & (d) Representations containing various unsubstantiated allegations were received from a handful of employees, who are facing disciplinary proceedings on the charges of dereliction of duty and misbehaviour.